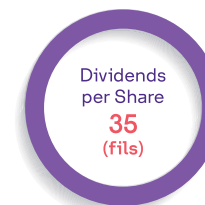
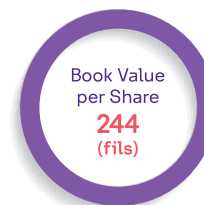


Chairman's Statement

“ Challenges sparks creativity and illuminate **stc**'s path to excellence and innovation, as it strives to strengthen its position and redefine the future of ICT in Kuwait by delivering cutting-edge solutions with enthusiasm and unwavering dedication ”

Dr. Mahmoud Ahmed Abdulrahman



Dear Shareholders

I am delighted to present the Annual Report of Kuwait Telecommunications Company for the fiscal year ended 31 December 2023. This report is a glimpse of **stc**'s latest accomplishments in pursuit of expanding its operating model and managing its internal operations in accordance with its corporate strategy that is designed to keep **stc** abreast with the worldwide rapid development of the telecommunications sector and thus, meet the shareholders' aspirations. This year, with the changes and operational challenges in the telecommunications sector, **stc** has been able to deliver the highest level of services with full flexibility, remarkable innovation, and enduring excellence by focusing on cutting-edge solutions, enhancing customer experience, and embracing technical developments. **stc**'s continued efforts are reflected by seizing all the available business opportunities, with an aim to elevate the Company's operational and financial performance in order to achieve its corporate strategy and create an added value for its shareholders. Hence, **stc** seeks to maintain its leadership role in shaping digitization in the region, to fulfill customers' needs and exceed shareholders' expectations, supported by its strategy.

Strategic Outlook

In 2023, **stc** began a new era of developing its corporate strategy "LEAD" for the three years from 2023 to 2025. LEAD is crafted to play a prominent role in sustaining **stc**'s leadership position and placing it at the forefront of the best ICT and telecom companies in Kuwait.

This strategy has shown promising signs during its first year in 2023 of yielding outstanding

operational and financial achievements, which paves the way for **stc** to lead the market in the upcoming years by upgrading its core services, expanding its operations, in addition to delivering the best services and cutting-edge technologies in response to the increasing demand for digital services and innovative corporate business solutions.

The Telecommunications Market & the Global Macroeconomic Challenges

With the rapid development of the telecom sector, **stc** has consistently demonstrated its commitment to innovation and superiority in addition to investing in the latest technologies that have helped the Company strengthen its service offerings and ensure maintaining its leadership position amongst telecom operators, whereby the working team has proved its ability to proactively adapt and address challenges while leveraging those challenges as opportunities for growth. It is essential to highlight the importance of strategic partnerships and acquisitions in capitalizing on potential growth opportunities within the telecommunications and ICT sectors. This is particularly notable in the business segment, a key pillar of the Company's corporate strategy aimed at attaining leadership in the local market by delivering exceptional services to fortify **stc**'s internal capabilities, enhance market share, enrich customer experience, and reinforce infrastructure to effectively meet the evolving needs of individual and corporate clients.

Creating shareholders Value

stc's executive management demonstrated its unwavering commitment to create a value added for its shareholders through the execution of several strategic decisions which resulted in an impressive operational performance and strong financial results during 2023. It is worth mentioning the crucial role of our subsidiaries, namely (e-Portal and **solutions by stc**), in realizing these milestones and propelling **stc** toward sustainable growth through providing high quality increasingly innovative products and services to the enterprise sector in Kuwait. This has effectively enabled **stc** to capture the growing potential opportunities in the enterprise sector in addition to elevating its capabilities and enhancing the working environment.

Proudly speaking, **stc's** outstanding financial results throughout the year and distinct brand emphasize Company's strong financial solvency position and the implementation of its flexible operating model. Whereby, **stc** managed to achieve a total revenue of KD 3514 million for the year ended 31 December 2023, where EBITDA reached KD 85.1 million with an EBITDA margin of 24.2%. As a result, **stc** recorded a net profit of KD 32.7 million. On the other hand, shareholders' equity increased by 1.0% at the end of 2023, reaching KD 243.9 million, with a book value of 244 fils per share.

The Board of Directors has recommended distributing cash dividends of 35 fils per share representing 35% of the share nominal value for the year ended 2023, subject to the approval of the Ordinary General Assembly of the company. This decision was based on **stc's** belief in its long-term viability, strong financial position, and the ability to generate cash flow in the upcoming periods. In this regard, **stc's** management ensures developing long term financial policy to balance between its operational and financial performance that would positively reflect on its solvency and enhance its market position as a leader in the telecom industry and a pioneer in the digital transformation.

Corporate Governance

stc is committed to adhering to the rules and regulations of corporate governance set forth by the Capital Markets Authority in Kuwait which aim to bolster transparency, protect shareholders' right, and enhance the overall work environment within the company. In alignment with the latest regulatory changes mandated by supervisory authorities, **stc** has conscientiously implemented all laws, regulations, and systems that align with its values and professional principles geared towards the advantage of the company's shareholders. A detailed Corporate Governance report, to be presented in a subsequent section of this document, will provide a comprehensive overview of our operational framework, offering further insights into our commitment to governance excellence.

Corporate Social Responsibility

Driven by **stc's** keenness to consistently cater to its customers, employees, suppliers, community, and all relevant stakeholders, **stc** has directed its attention towards a holistic Corporate Social Responsibility (CSR) program. This initiative actively supports a variety of endeavors in alignment with its core principles and commitment to the well-being of the community and the environment.

Consequently, throughout the year, **stc** in collaboration with charitable and humanitarian associations, governmental entities, and the private sector, has launched a series of campaigns and initiatives aligned with its values. These endeavors aim to uphold its leadership role in serving the local community and environment in Kuwait. The initiatives are designed to make positive contributions and enhance awareness of critical issues impacting our society, focusing primarily on specific areas such as health, environment, entrepreneurship, sports, and education.

Furthermore, this year, we have decided to

expand the scope of our corporate social responsibility program to cover various environmental, social, and governance aspects, in alignment with the increasing global focus on environmental, social, and corporate governance factors. The dedicated teams at **stc** tirelessly devote their efforts to complying with the latest local and international trends, assessing company's implementation of environmental, social, and corporate governance factors, aiming to protect stakeholders, manage human resources effectively, preserve natural resources, encourage reduction of waste, and promote recycling initiatives.

By leveraging the technological expertise of the company, **stc** diligently strives to uphold the highest ethical standards in its interactions with employees. Additionally, the company aims to enhance its environmental footprint with the ultimate goal of contributing to societal well-being across all dimensions.

Appreciation

On behalf of the Board of Directors, I would like to thank His Highness, the Amir Sheikh Meshaal Al Ahmed Al Jaber Al Sabah and H.H. the Prime Minister Sheikh Dr. Mohammad Sabah Al-Salem Al-Sabah his distinguished government for their continued support to the telecommunications sector, which puts our precious country on the map of the advanced and developed countries in the field of telecommunications.

I would like to express my sincere gratitude to all members of the **stc** family for their dedication, hard work, and significant sacrifices throughout the year 2023, particularly in the face of the challenges we have encountered. I wish to highlight their continuous enthusiasm and commitment in ensuring the success of **stc** during times when the global economy has been significantly affected. A special thanks goes to our loyal customers for their unwavering trust in **stc**, motivating us to deliver the highest-quality services. I extend my deepest appreciation to our valued shareholders for their continuous

support and trust. We are confident that this commitment has played a pivotal role in empowering **stc** to sustain its successful trajectory of growth over the past years.